



Director of
Central
Intelligence

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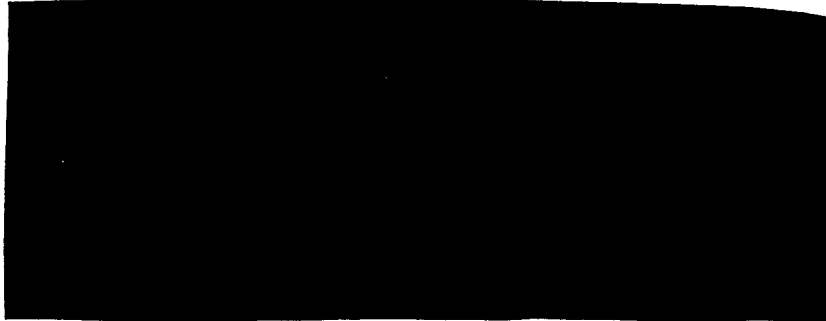
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NICARAGUA:

Reaction to the US Vote

Managua is using the vote on US aid to the insurgents to increase pressure on the civic opposition; its actions appear to signal a general increase in the level of repression.

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The Sandinistas' closure of *La Prensa* is one of their strongest moves against the opposition. That and the tightened state of emergency presage further measures against the civic opposition and the private sector. Draft-exempted Church seminarians may again be conscripted, and the regime is likely to widen its sweeps in search of insurgent supporters.

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The Sandinistas will press the Contadora mediators to remain active in the negotiations to counter the US and its Central American allies. Managua may also use the US vote and the recent World Court decision in its favor to request a UN Security Council meeting.

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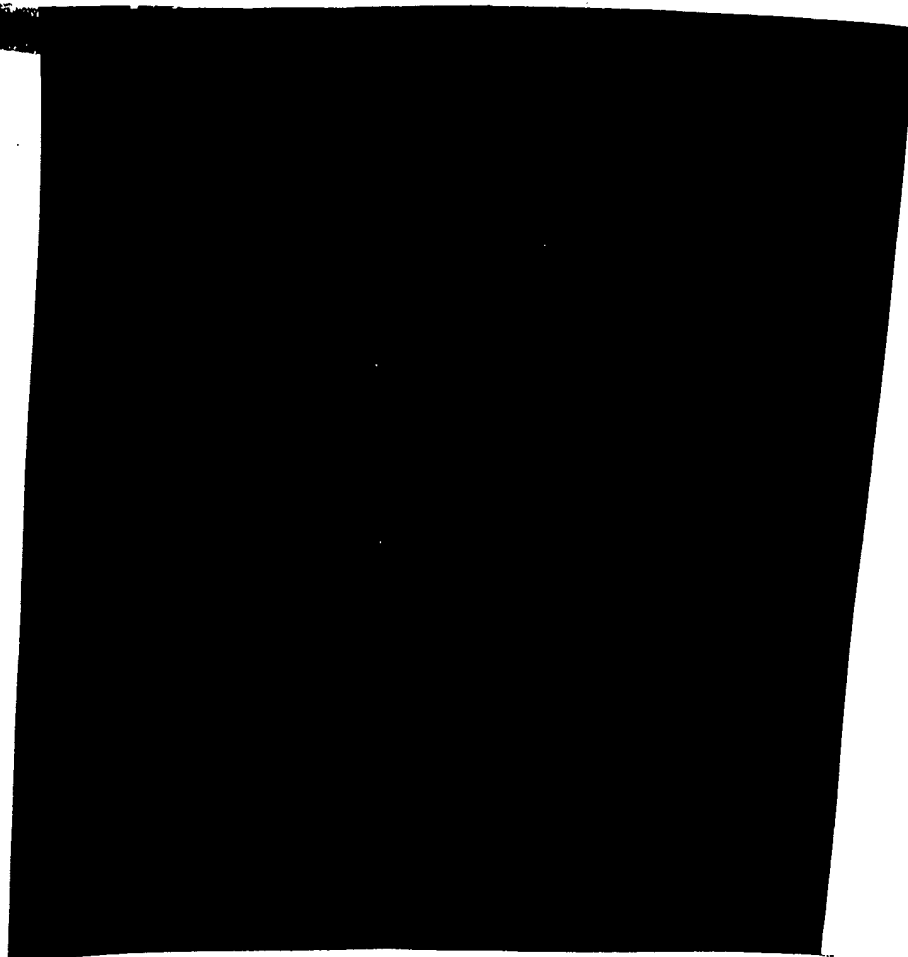
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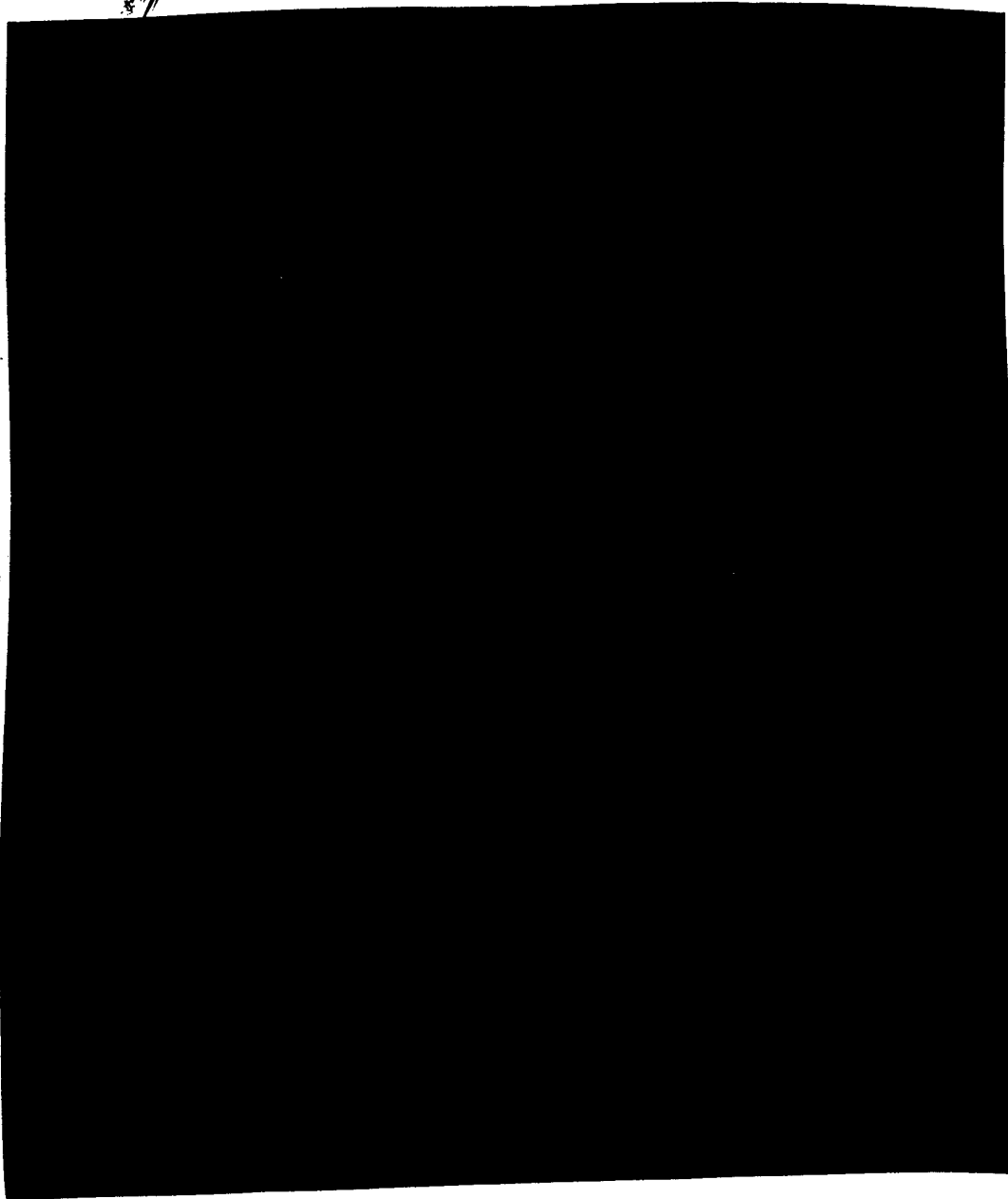
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LEBANON:

Palestinians Returning

Palestinian fighters continue to reinfiltate the Beirut refugee camps, sometimes with the help of dissidents in the Amal movement. [REDACTED] b3

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[REDACTED]

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[REDACTED]

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[REDACTED]

[REDACTED] both Sunni Lebanese and the Christian Phalange Party are aiding the PLO, and most PLO military equipment is channeled through the Druze [REDACTED] b3

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[REDACTED] Arafat hopes maintaining or improving his military position in Lebanon will help him retain the leadership of the Palestinian movement. Pro-Syrian mainstream Amal leaders and extremist Christians will continue to fight an increased Palestinian presence in Lebanon, but they have only limited capability to slow the pace of reinfiltration. [REDACTED] b3

Amal dissidents in the south, increasingly disgruntled with Amal leader Barri, claim that the war in the camps is draining resources better used elsewhere and that the Syrians and Israelis—not the Palestinians—are the real threat to Shia interests in Lebanon. Barri, however, sees the fight against the PLO as a chance to rally Shia support for his leadership. Divisions within Amal are likely to intensify, with pro-Syrian members pressing for Barri to occupy the Palestinian camps and pro-Iranian extremists continuing to join Hizballah. [REDACTED] b3

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CHAD:

Military and Diplomatic Activity

Libya is giving a low priority to its Chad campaign; meanwhile, the USSR is taking tentative steps to renew ties to President Habre, whose political fortunes may be improving. b3

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[REDACTED]

Habre has deployed some 800 troops to the eastern border. b3

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[REDACTED] Chad and the USSR are negotiating the reopening of the Soviet Embassy in N'Djamena. The Embassy closed during factional fighting in 1980. b3

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[REDACTED]

[REDACTED] Tripoli is concentrating on regrouping after the US raids of 15 April and probably is not prepared to take dangerous initiatives in Chad. b3

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The Soviets probably remain skeptical of the rebels' prospects for winning power and may be seeking to hedge their bets by revitalizing ties to N'Djamena despite the risk of offending Libyan leader Qadhafi. b3

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[REDACTED]

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INDIA-PAKISTAN: The Sikh Problem

New Delhi [redacted] b1, b3
[redacted] and is bracing for more Hindu-Sikh
violence in Punjab. [redacted] b3

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b3 [redacted]
Violence in Punjab has generally subsided, and a weeklong curfew in
Amritsar was lifted yesterday without incident. [redacted]

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b3 [redacted] Punjab's moderate Sikh government
has rejected a Land Transfer Commission newly appointed by New
Delhi to identify areas in Punjab that might be transferred in exchange
for the city of Chandigarh. [redacted] b3
indicates that Sikhs outside Punjab support Prime Minister Gandhi's
efforts to resolve the transfer issue. [redacted] b3

b3 [redacted] New Delhi's latest demarche to Islamabad reflects its
renewed attention to what it views as Pakistani meddling. [redacted]
b1 [redacted] public charges by New Delhi are likely to continue.
[redacted] b3

Radical Sikhs probably go back and forth across the border with
ease, and local Pakistani officials may provide some training and
weapons. [redacted]

b1, b3 Political opposition to the moderate Sikh government in Punjab will
probably mount as the mid-July date scheduled for the transfer of
Chandigarh nears. Sikh militants will continue efforts to discredit
Punjab Chief Minister Barnala, while Hindu groups will press New
Delhi for protection. [redacted] b3

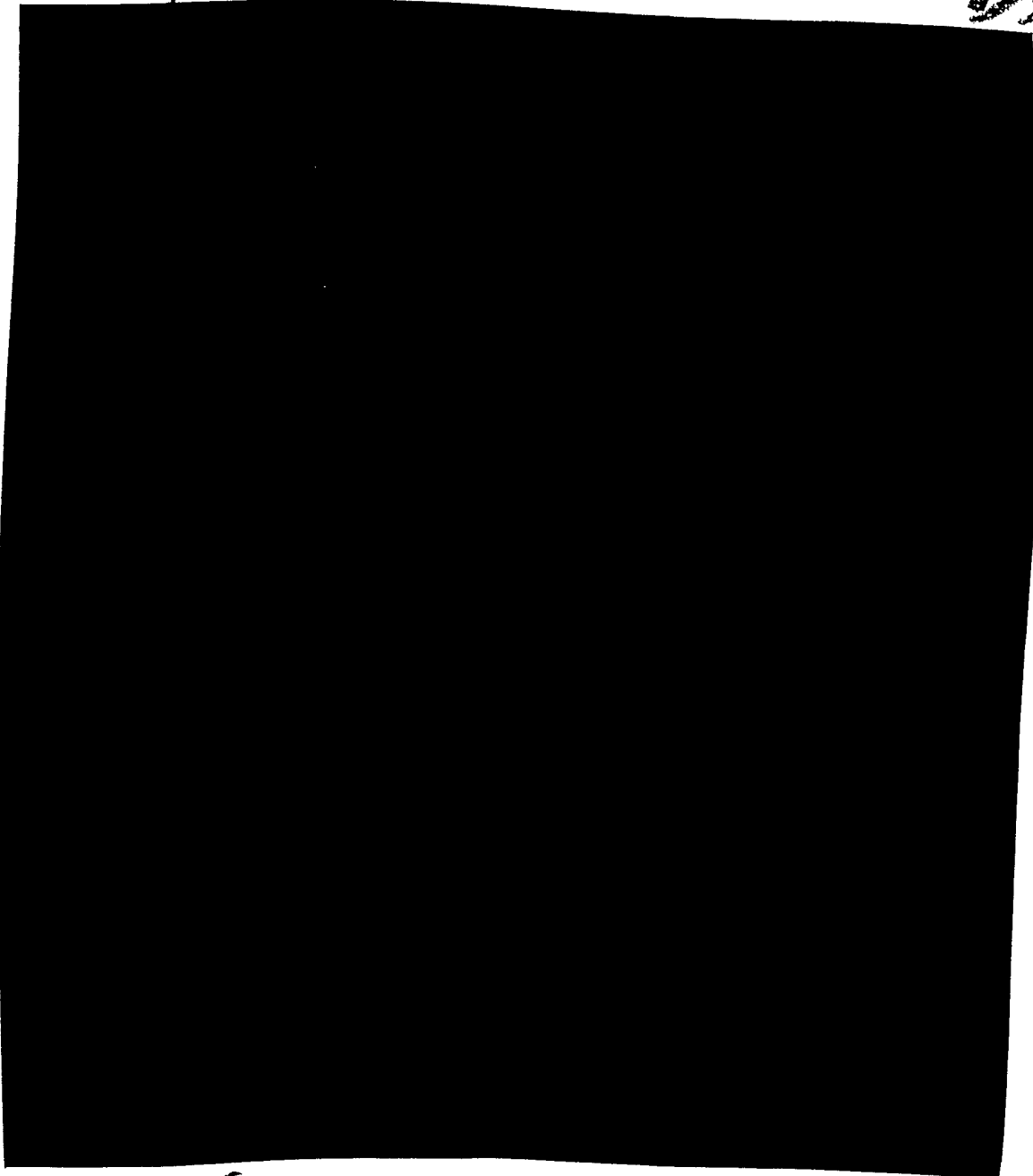
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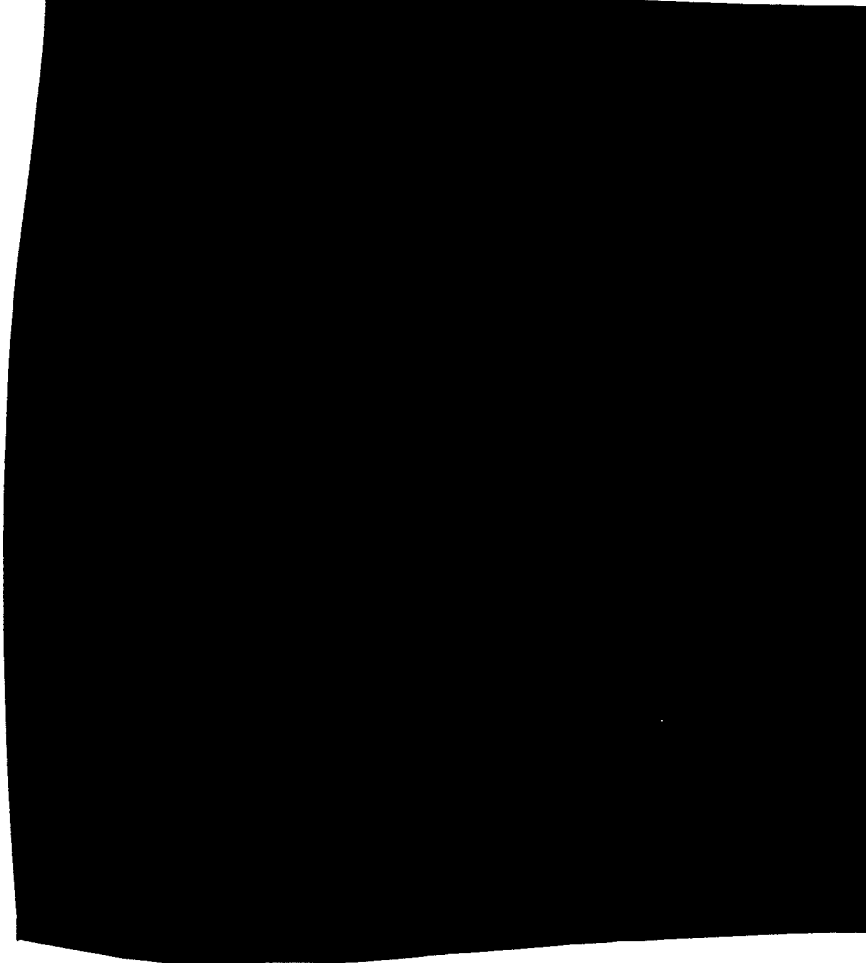
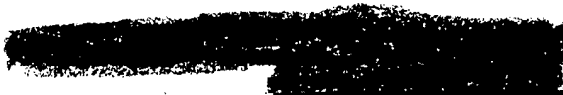
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PERU: [REDACTED]

In a dangerous political move, President Garcia has begun to lash out at police and military officers he had ordered to quell the prison riots last week. Earlier this week Garcia announced that 15 police officers and 80 policemen had been arrested and would be tried for executing 30 to 40 terrorists who had surrendered. During a tour of one of the prisons yesterday, Garcia in a press statement termed the killing of defenseless prisoners "a hideous crime" and said that military officers might be implicated and tried.

[REDACTED]
[REDACTED]
If Garcia starts arresting military officers, he could provoke a showdown. A more reasonable approach—one involving an investigation—might allow tempers to cool. Even if Garcia adopts this approach, however, his public statements have focused national attention on the security forces and he will find it difficult to calm the issue.

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EC-SOUTH AFRICA: Agreement on Conditional Sanctions

The EC heads of government yesterday agreed in principle to impose limited economic sanctions on South Africa if Pretoria fails to free ANC leader Mandela and open a dialogue with South Africa's black community in the next three months. [REDACTED] the sanctions would include a ban on new investments in South Africa from EC countries and on imports of South African coal, iron, steel, and gold coins. They are to be implemented only after further consultations among EC partners and with the US and Japan.

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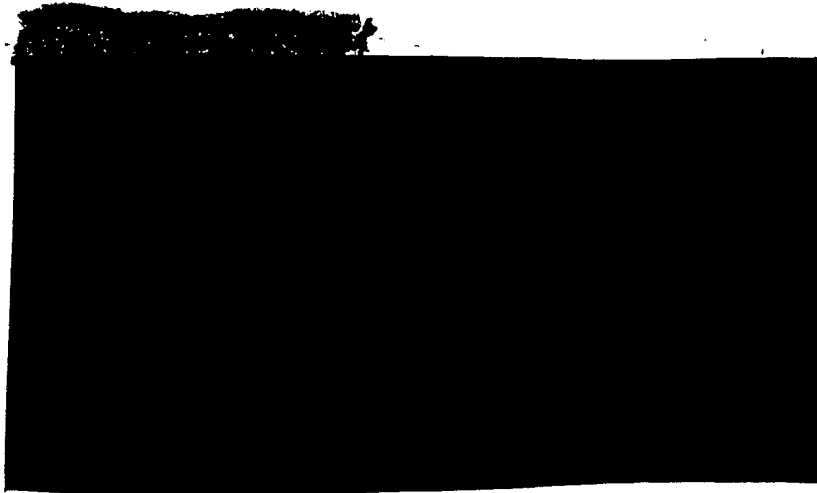
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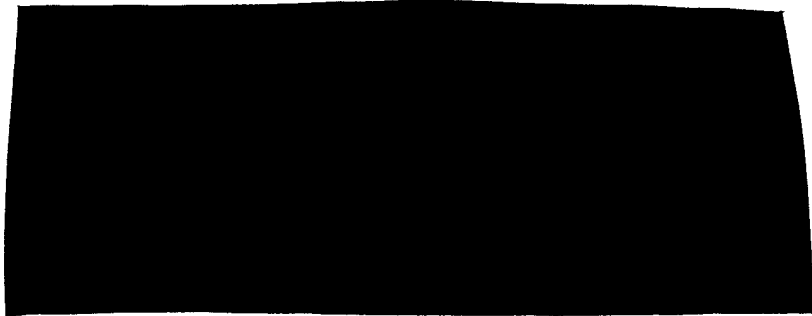
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COLOMBIA: Security Concerns for Pope's Visit



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b2 [redacted] Insurgent acts are likely to be aimed more at catching world headlines than endangering the Pope. Since the Palace of Justice takeover last November, public opinion in Colombia has reportedly hardened against the insurgents. They probably will avoid overly aggressive actions that would provoke strong government retaliation. [redacted]

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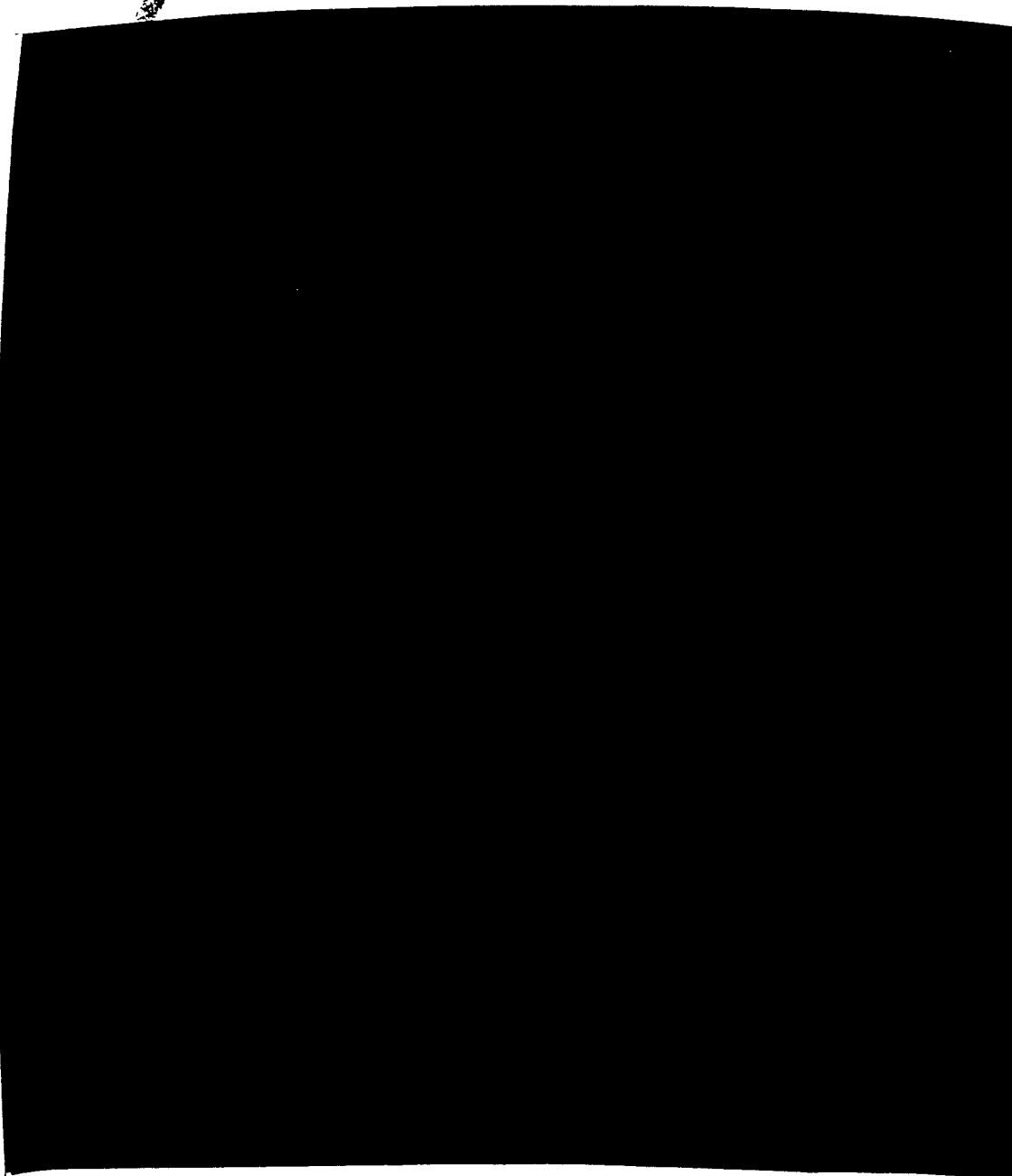
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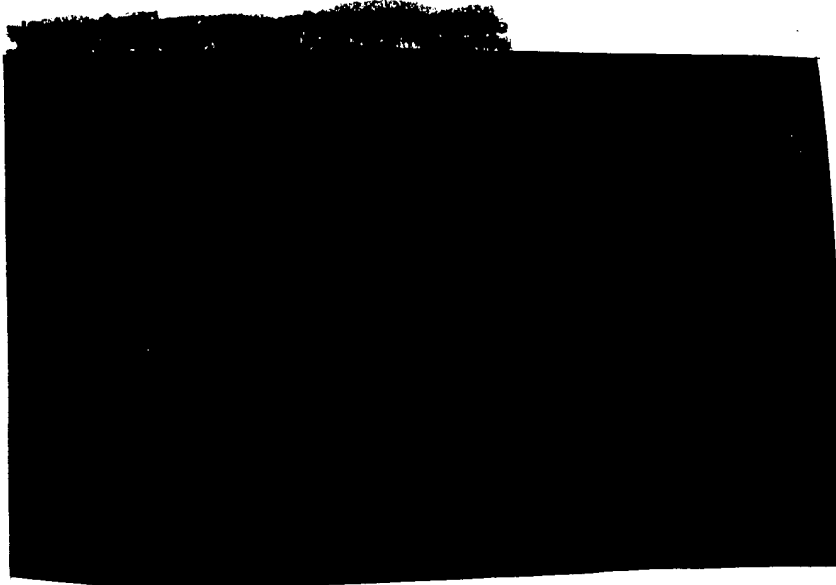
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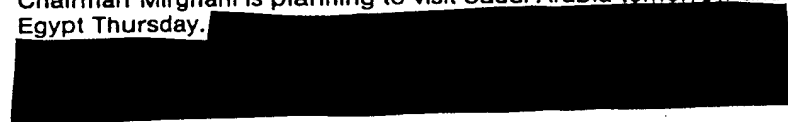


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SUDAN: Difficult Agenda for Prime Minister

Prime Minister Sadiq al-Mahdi may soon present the National Assembly with controversial proposals to cancel or modify Islamic laws and the mutual defense pact with Egypt. [redacted] b3

[redacted] the two proposals are intended to satisfy preconditions by the southern rebels to any peace conference and that a Sudanese delegation is in Ethiopia to meet with the rebels. Supreme Council Chairman Mirghani is planning to visit Saudi Arabia tomorrow and Egypt Thursday. [redacted] b1, b3



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In Brief

Africa

- **South Africa's** Zulu Chief Buthelezi plans rally tomorrow in Soweto . . . government may grant permission despite state of emergency . . . clashes between Buthelezi's Zulu supporters and rival, antigovernment groups possible.

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Europe

- **Italian** President Cossiga yesterday accepted Prime Minister Craxi's resignation "with reservations" . . . wording gives Craxi option of trying to reconstitute government . . . tone of Craxi's remarks to press suggests negotiations will be difficult.
- **Portuguese** minority government survived confidence vote . . . victory resulted from center-left Democratic Renewal Party abstention . . .

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- **Sweden** drafting legislation to ban nuclear plant construction . . . responding to public pressure without affecting current operations . . . dependent on nuclear power, hesitant to implement but faces complete shutdown mandated by 1980 referendum.

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South Asia

- Afghan resistance alliance spokesman Rabbani, French Prime Minister Chirac met Monday ... French pledged humanitarian aid

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- South Asian cooperation group agreed on antiterrorist guidelines ... members to cooperate, share information, support UN resolutions ... avoided discussion of alleged Pakistani support of Sikh terrorists, Indian support of Tamil insurgents.

Middle East

East Asia

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- Chinese, Soviet academies of sciences this week signed five-year cooperation agreement ... includes exchanges of research personnel, publications in natural, technical sciences ... reflects slowly expanding ties in science and technology.

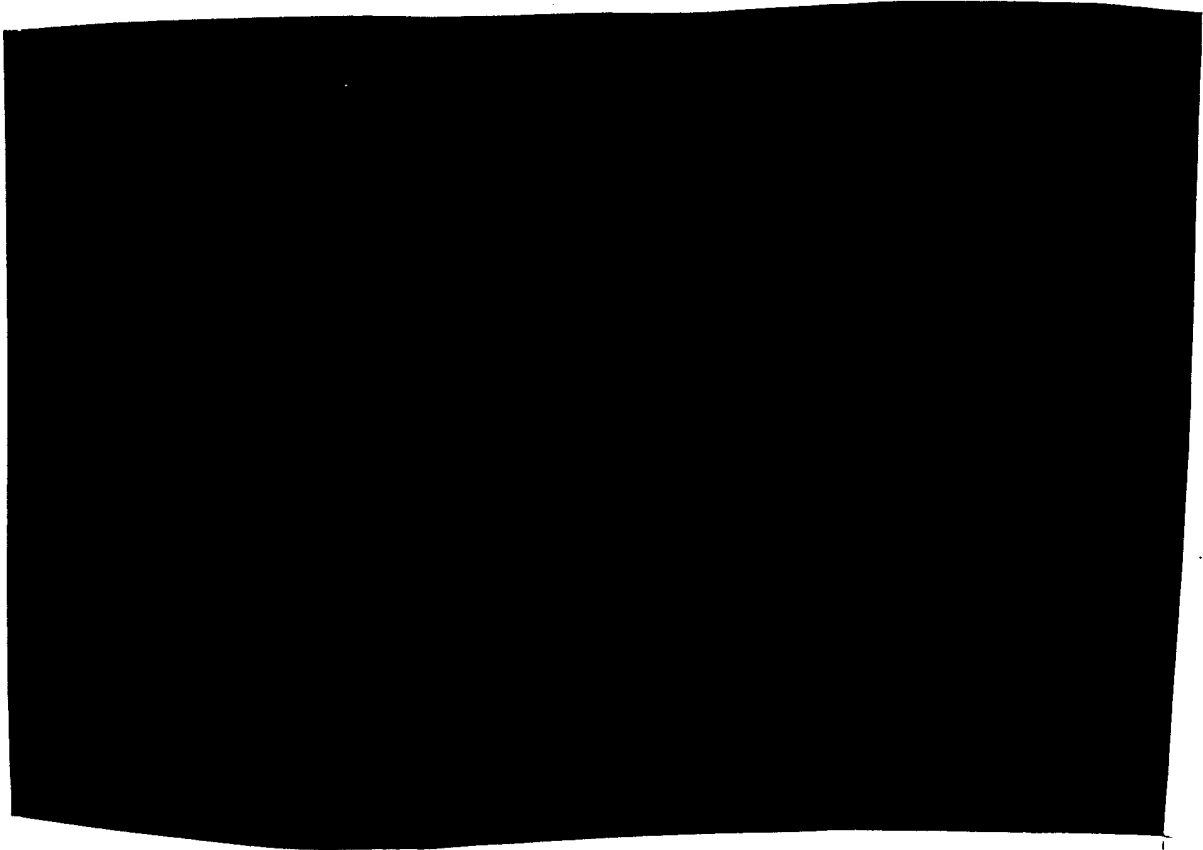
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Special Analysis

SOUTH AFRICA:

Angry at the West

Recent speeches by South African officials branding the US and other Western states as traitors are designed to rally domestic support and to prepare whites to go it alone. Pretoria now appears resigned to new sanctions and sees little to lose in expressing its resentment of Western efforts to influence its policies. b3

President Botha in recent weeks has repeatedly denounced Western meddling in Pretoria's affairs. Foreign Minister Botha, echoing these blasts, also has predicted that more sanctions are inevitable because the Western world is sick and indifferent to South Africa's plight. His recent speech to the white chamber of Parliament suggests that he feels personally betrayed by the West. b3

These criticisms are consistent with the government's longstanding hostility toward foreign efforts to end apartheid, but the recent stronger tone reflects Pretoria's feeling that it is being increasingly pressed from all sides. The pervasive anti-West theme in statements of top officials and government-controlled media strongly suggests that President Botha is encouraging this rhetoric. b3

South African Reaction

The harsh security crackdown this month reflects Pretoria's growing perception that its limited reforms and relatively restrained use of state power will not satisfy the West or forestall additional economic sanctions as long as domestic unrest continues. b1, b3

The government's fusillades against the West also help undercut the ruling National Party's rightwing opponents, who accuse Botha of groveling to Washington. b3

Pretoria also is upset about Western efforts to arrange talks between the government and the ANC, which Pretoria regards as a Marxist-controlled terrorist group. Pretoria last month distributed a booklet detailing the ANC's ties to the South African Communist Party, and President Botha justified the state of emergency in part by quoting at length from an alleged internal Communist directive on plans to use the ANC and other black groups to overthrow the government. b3

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Pretoria vented its anger at the West's refusal to support last month's attacks on ANC targets in Zambia, Zimbabwe, and Botswana by claiming that Western nations were applying a double standard on the right of nations to defend themselves against terrorism. The meeting between [REDACTED] and ANC President Tambo undoubtedly has intensified South African ire. Pretoria almost certainly will view [REDACTED] decision [REDACTED] — as yielding to political expediency. [REDACTED] b3

Outlook

As pressure for sanctions builds, Pretoria is likely to become more obstinate in refusing to accelerate its reforms or ease security measures, and even more crotchety in dealing with the West. Endemic violence and an increasing sense of isolation will reinforce the ingrained Afrikaner belief that difficult times call for *kragdadigheid* — a dramatic show of force. Pretoria is likely to take additional tough measures at home and to launch attacks designed to inflict heavier guerrilla casualties than in the past — but which also may cause more incidental civilian deaths — against ANC targets in neighboring states. [REDACTED] b3

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Special Analysis

IRAN:

Implications of Continued OPEC Disarray

If the current OPEC ministerial meeting fails to meet Iran's demands for large production cuts, Tehran will probably intensify military and terrorist attacks against Arab states in the Persian Gulf and will be more likely to try to win the war with Iraq this fall. [REDACTED] b3

A Saudi refusal to reduce oil production significantly would reinforce Tehran's belief that Riyadh is determined to undermine Iran's economy and its war effort by keeping oil prices low. Iranian leaders probably had hoped that attacks on Saudi shipping earlier this spring and the recent sabotage of Kuwaiti oil facilities would persuade the Saudis to reduce both oil production and aid to Iraq. Without major Saudi concessions, the Iranians are likely to conclude they will lose all credibility unless they follow through on their threats to retaliate for Riyadh's intransigence. [REDACTED] b3

Iran's increasingly desperate economic situation increases its willingness to risk widening the war. Iranian Oil Minister Aqazadesh accused Saudi Arabia again this week of collusion with the West in a "dangerous game" and warned that the situation would be worse if OPEC failed to reach a consensus. [REDACTED] b3

Iran's first step would probably be to resume attacks on Saudi shipping. Increased Iraqi strikes against Iranian economic targets and continuing Iraqi attacks on Iranian tankers give Tehran added incentive to strike Saudi ships in hopes the Saudis will press Iraq to desist. Iran probably would also increase its interdiction in the Persian Gulf of ships suspected of carrying Iraqi military supplies. [REDACTED] b3

The sabotage of the Kuwaiti oil installations suggests Iran would increase sabotage of Gulf oil facilities and might even sponsor assassination attempts against Arab leaders. Tehran also could instigate more widespread agitation and perhaps violence by Iranian pilgrims to Mecca this August. The unlikelihood of higher oil revenues would increase Iran's incentive to launch a ground offensive later this year, fearing that economic difficulties will erode its military capabilities. [REDACTED] b3

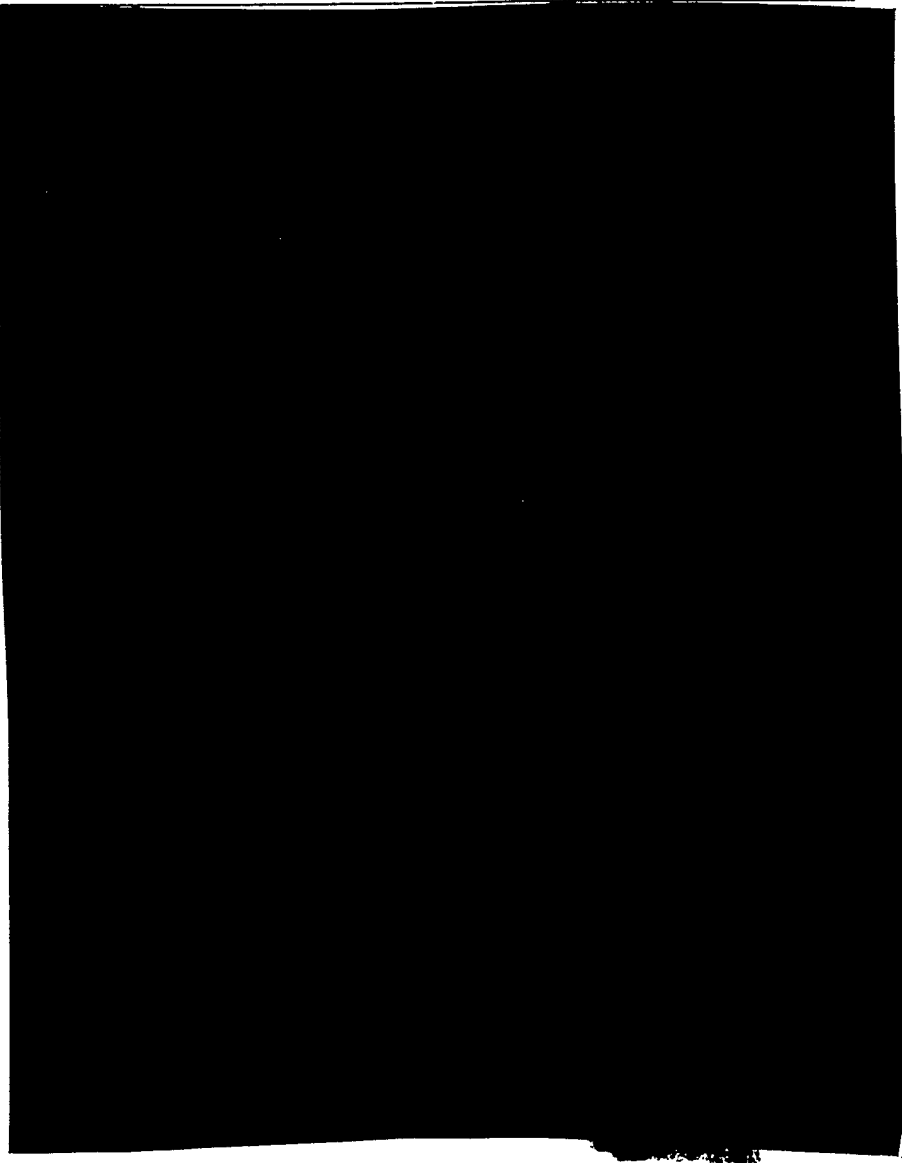
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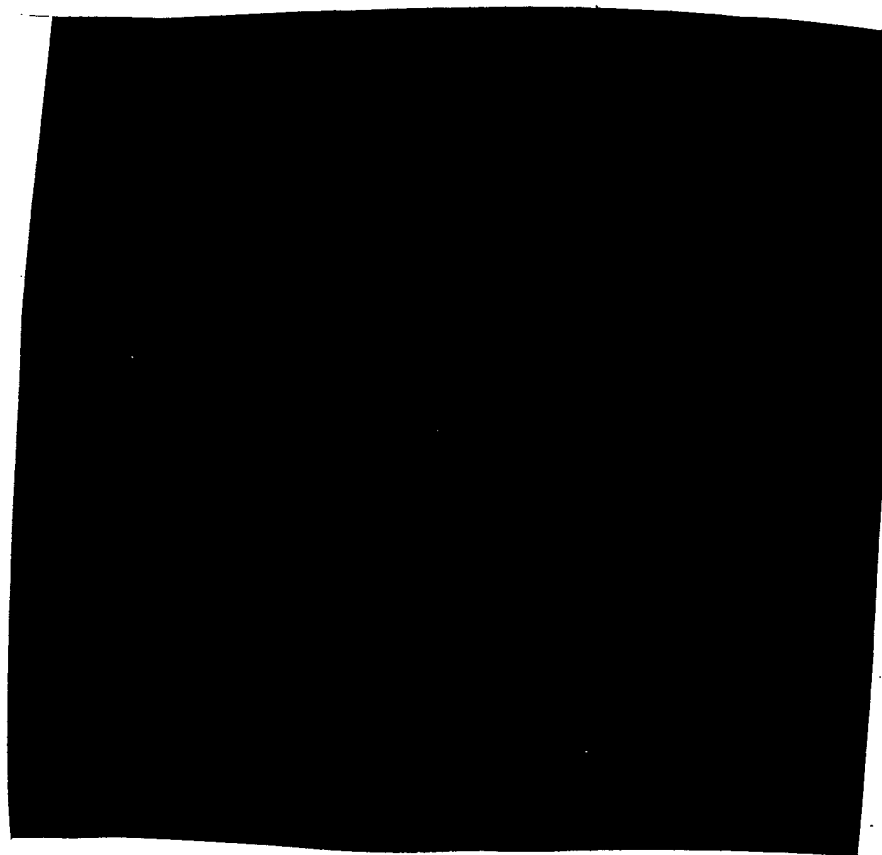
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